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November 19, 2009

## **AGENDA ITEM 24**

**TO: MEMBERS OF THE BOARD OF ADMINISTRATION**

- I. SUBJECT:** Actuarial Auditor Interviews
- II. PROGRAM:** Actuarial & Employer Services
- III. RECOMMENDATION:**

Staff recommends the Board: (1) interview the finalists; (2) evaluate the finalists' interviews as provided under Request for Proposal No. 2008-5003; and (3) award the contract under RFP No. 2008-5003 to the finalist having the highest total score, subject to final negotiations and satisfaction of all requirements. In the event negotiations are unsuccessful, award the contract to the finalist having the second highest total score, subject to final negotiations and satisfaction of all requirements.

## **IV. ANALYSIS:**

In April 2008 the Board approved an RFP to solicit proposals from qualified firms to provide actuarial auditing services to CalPERS for five years.

The RFP (No. 2008-5003) was released June 10, 2009. CalPERS received four proposals by the August 5, 2009 final filing date.

The Chief Actuary appointed a three-member Evaluation Committee, comprised of two actuaries from the Actuarial Office and one auditor from the Office of Audit Services. The Evaluation Committee reached a score for each proposer by consensus, with a maximum of 300 points.

The firms also received a score for the Fee Proposal submitted. Computation of the Fee Proposal points was made in accordance with the specifications of the RFP. The highest scoring proposal(s) after the Technical Proposal and Fee Proposal evaluation, as determined by CalPERS, are considered as Finalists.

The following chart summarizes the ranking and scores of the two Finalists after considering the combined Technical Proposal and Fee Proposal scores.

Current Rank	Finalist	Combined Score	Fee Proposal Score	Technical Proposal Score
1	EFI Actuaries	557	300	257
2	Buck Consultants	505	238	267

Under separate cover, a summary of staff's evaluation of the two finalists is being provided to assist the Board in its interviews and interview evaluations. Each firm will have up to 30 minutes before the Board (15 minutes for a presentation and up to 15 minutes for questions and answers). The Board will interview the finalists, and evaluate the finalists' interviews using the Trimmed Average Scoring Methodology. Each Proposal's final Interview Score will be combined with the technical and fee scores, and the contract would be awarded as specified in the RFP.

**V. STRATEGIC PLAN:**

This item is not a specific product of the Strategic or Annual Plans but is part of the regular and ongoing workload of the Actuarial & Employer Services Division.

**VI. RESULTS/COSTS:**

Upon successful award and execution of a contract for the services specified in the RFP, CalPERS will continue to have actuarial auditing services from a qualified firm.

The cost for these services will be determined based on the fee proposal submitted by the successful proposer.

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David Clement, Senior Pension Actuary  
Actuarial & Employer Services Division

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Ron Seeling, Chief Actuary  
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